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# F. C. I. News Letter

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## THE MANAGER'S MESSAGE

The critical drought situation which has developed in the Winter Wheat Belt will no doubt prove a severe test of the crop insurance program. Early indications are that losses generally throughout the major winter wheat-producing areas will be much higher than average and undoubtedly a large number of insured growers will be entitled to claim indemnities.

It is important to the welfare of the wheat crop insurance program and of the thousands of farmers which it serves, that this test be interpreted correctly in presenting information to the public. Otherwise, the results, which may be spectacular in scope, may be colored by extraneous factors which have no part in the true appraisal of the crop insurance program.

The results of the crop insurance program in 1939, and as it progresses in 1940, should be measured by progress toward the fundamental objectives of the plan: (a) Development of a sound and workable crop insurance system by which wheat growers may protect themselves against the too frequent economic shock of crop damage and failure, and (b) to obtain, through experience of the wheat insurance program, a backlog of information which will point the way to a general system of insurance for other important cash crops.

Crop insurance has been advocated for a number of years. However, no definite action to provide growers with such a service was undertaken until the Great Droughts of 1934 and 1936 focused public attention on the vast and unavoidable economic and social losses which followed in the wake of crop failures. Thus one of the primary purposes of crop insurance legislation was to put a program into action through which growers might guard against a repetition of the losses of 1934 and 1936.

Now, in the second year of the crop insurance program, another Great Drought may be in the making. In any event it is certain that many growers in the Winter Wheat Belt already face the 1940 harvest with little or no possibility of a crop. Many of these growers are fortunate in that they have been able, through the crop insurance program, to assure themselves of at least 75 percent of an average yield. These growers can look forward to the coming year with a new degree of security. It is to be regretted that the crop insurance program has not been operating for a sufficient number of years to offer protection to an even largernumber than the probable 400,000 in the 1940 program, as it is felt that through the insurance program much of the distress which accompanies widespread crop failure could be alleviated.

It is important to keep in mind and before the public that the premium rates growers have paid are as directly and accurately proportionate to the risk of growing wheat on their individual farms as it is possible to calculate them. This is demonstrated by the fact that in the so-called "Dust Bowl" area growers on an average paid a premium of 1.5 bushels to insure 4.3 bushels of yield - a premium of 37 percent. These insurance rates that growers have paid include the experience of both the good and the bad years of the past 13-year period, among them the experience of the Great Droughts of 1934 and 1936. In other words, the rates anticipate such conditions as it is probable will occur in some areas, and over a period of years the premiums that growers pay should sustain such losses.

However, it is emphasized that the balance between premiums and indemnities should not, in any one individual year, be considered on a profit-and-loss basis. Every big insurance company carries large reserves as a matter of course, because it knows that sooner or later, under the law of averages, it may experience a catastrophe when claims will amount to more than current premiums. In normal operation of the crop insurance program there is little likelihood that premiums and indemnities will balance from year to year -- each season is different and in some years the premiums will run ahead and in others indemnities will be in excess of premiums. However, if the rates are accurate, premiums should balance with indemnities over a period that is representative of the base period on which the rates were calculated. As in other insurance, a capital reserve is carried to balance the intake and outgo from year to year.

The 1940 crop year may also demonstrate the manner in which crop insurance acts as a part of the Ever Normal Granary plan. It appears likely that, because of the short crop in prospect, prices of wheat at harvest time may be higher. Thus for the first time, the old adage that "When you have wheat to sell, the price is low, when you haven't any the price is high" may be broken. Growers who have insured their yields will draw from the insurance reserve wheat that may have a greater value per bushel than it had at the time they paid their premiums. In effect, they have maintained an interest in this part of the surplus, and will be in a position to share in the gain, which in the past has gone not to the farmer but to the speculator.

Leroy K. Smith

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#### SPRING WHEAT GROWERS MAY

INSURE UP TO FEBRUARY 29 County committeemen are urged to make the best of every opportunity to remind spring wheat growers that February 29 is the last day on which applications and premium payments can be received for all-risk insurance on their 1940 harvest. This is an easy date to remember because it comes only once every four years. It should be emphasized that this deadline will not be extended and that all growers, to be insured, must have their paid-up applications on file with their county AAA committee before the crop is seeded. Operating forms for use in connection with the sign-up phase of the 1940 program have been distributed to all of the spring wheat States in quantities estimated to be sufficient to adequately supply county offices. Requests for these forms to fill anticipated future needs should be sent to the State offices at the earliest possible moment and well in advance of the exhaustion of current supplies.



**PREMIUM COLLECTIONS** All has been comparatively quiet along the premium-collection front since the last issue of News Letter. Only a few more than 10,000 payments have been received during the past month according to latest figures from county offices. These figures, as shown by the following table, represent participation almost entirely from winter wheat growers.

**APPLICATIONS RECEIVED IN COUNTY OFFICES  
1940 PROGRAM AS OF DECEMBER 23, 1939**

State	Premiums collected (number)	Premium payments (bushels)	Acres	Estimated Insured Production (bushels)
<b>Minneapolis:</b>				
Wisconsin	508	2,995	3,055	35,538
Minnesota	11,091	154,919	153,761	1,589,023
North Dakota	89	10,986	7,149	45,598
South Dakota	11,057	694,864	358,686	2,432,607
Montana	1,100	168,605	89,440	743,935
Wyoming	914	108,427	70,935	442,310
Total	24,759	1,140,786	683,026	5,289,061
<b>Kansas City:*</b>				
Missouri	21,674	270,478	352,033	3,527,810
Nebraska	56,341	2,085,782	1,248,805	13,025,610
Kansas	60,321	3,972,256	2,856,023	23,707,485
Oklahoma	23,284	913,694	975,926	8,372,880
Texas	11,040	1,110,833	706,742	4,943,435
Colorado	2,563	224,073	124,356	851,615
New Mexico	60	12,744	6,244	34,000
Total	175,283	8,589,862	6,270,129	54,462,835
<b>Chicago:*</b>				
Illinois	14,892	231,018	243,728	2,970,149
Indiana	28,337	306,556	311,153	3,936,874
Iowa	7,140	104,480	92,766	1,224,981
Kentucky	974	15,931	15,846	159,888
Michigan	15,943	93,297	131,289	1,881,300
Ohio	28,718	323,078	287,605	3,997,084
Tennessee	246	3,098	4,973	42,969
Total	96,250	1,077,458	1,087,350	14,213,245
<b>Washington, D.C.:</b>				
New York	910	6,394	9,444	136,726
New Jersey	111	644	1,286	19,513
Pennsylvania	5,895	39,807	73,240	1,112,172
Maryland	1,273	16,237	31,338	438,241
Delaware	456	4,588	9,176	117,379
Virginia	1,176	10,490	20,980	258,524
North Carolina	202	1,005	2,010	20,132
Total	10,023	79,165	147,476	2,102,687
<b>Spokane:</b>				
California	1,897	154,447	149,753	2,071,208
Idaho	2,750	101,304	120,918	1,957,908
Nevada	21	333	358	7,235
Oregon	1,641	213,573	225,943	3,046,384
Utah	392	22,035	24,294	315,500
Washington	3,058	204,190	313,585	4,995,746
Total	9,759	695,882	834,851	12,333,979
<b>GRAND TOTAL</b>	<b>316,074</b>	<b>11,583,163</b>	<b>9,022,842</b>	<b>88,451,807</b>

\* November 30, 1939 - latest report available.

## CROP INSURANCE IN 1939

With more than 52,000 indemnity claims approved for payment the crop insurance program has gone a long way toward accomplishing the job it set out to do. The completion of the first season of "all-risk" crop insurance for wheat has given the Federal Crop Insurance Corporation its first opportunity to appraise the results obtained. Crop insurance was introduced for the crop harvested in 1939 as a new and untried program. Now, the first insured crop has been harvested, indemnities have been paid to practically all insured growers whose crops did not yield the insured amount, and the improvements made possible through this initial experience have been incorporated in the 1940 program now being presented to wheat growers.

Because State and county AAA committees have played a vital part in the administration of this new program for American farmers, the Corporation has consolidated the results in this special report for committee use in discussions and presentations with farmers, businessmen, and others interested in public affairs. It is thought that these data will be especially helpful as informational material for widespread use during future months.

### Significance of Results

The results obtained should be measured by progress toward the fundamental objectives of the crop insurance plan:

- (a) To develop a sound and workable crop insurance system for wheat through which growers might protect themselves against the frequent economic shock of severe crop damage and failure.
- (b) To obtain, through experience with the wheat insurance program, a backlog of information which points the way to a general system of insurance for other important cash crops.

Crop insurance has moved along way toward attainment of these objectives. The results of 1939, in which more than 165,000 growers in 31 States took part, provided the basis for a thorough and critical test of the plan for wheat. Fifty-two thousand farmers who suffered crop losses, who otherwise would have had little or none of their usual wheat income, received indemnities which assured them of income from 75 percent of their average production. The 1939 groundwork is bearing results in 1940, as shown by the fact that 310,000 growers already have purchased insurance for 1940, with the possibility that 400,000 growers will have insured 1940 harvests when applications have been completed in all areas.

### Appraisal of Participation

A large participation in the 1939 wheat crop insurance program was not anticipated. The plan was new and untried, and many growers did not yet understand the fundamental principles. It brought to light, for the first time, a true picture of the cost of crop failure on individual farms. Consequently, insurance rates were somewhat higher than many farmers had anticipated. The wheat belt has suffered unusual crop failures in recent years, leaving many producers without cash, wheat, or credit reserves to finance premiums.

Despite these obstacles, 1939 participation exceeded all estimates. More than 305,000 growers indicated that they wanted insurance by making

## Insurance in 1939 -- Cont'd.

applications. Fifty-four percent, or 165,000 matured into paid-up policies. A particularly difficult task was imposed on county committees in presenting the program due to the fact that premiums were computed and paid at some time after the application was filed. In the meantime some growers turned their attention to other interests. This required a "reselling" of the plan at the time premiums were payable.

This participation provided a wide distribution of insurance on the 1939 crop, giving practical field demonstration of the insurance process in nearly every community in which wheat is grown, under a wide range of geographic and climatic conditions. It provided a broad base on which actuarial and administrative problems might be studied. It provided a magnificent test of the whole idea of crop insurance not only for wheat but for other crops as well.

### Administration

The field administration of wheat crop insurance through State and county farmer committees of the AAA has indicated clearly that it is entirely feasible to administer such a program in this manner. Cooperation of committees solved the problem of presenting simultaneously over the entire Nation a new program requiring considerable technical local supervision. Wheat crop insurance was presented in more than 1,600 counties to every wheat grower who desired it, despite the fact that each application required the assembly of yield and rate data on a scale never before attempted.

### Yields, Rates and Reserve

Although yields and rates for insurance purposes are experimental, representing an entirely new approach to the problem of crop failure, the results of the first season have been reasonably close to expectations. Premium rates, based on past average losses, can be expected to meet indemnity payments over a representative period of years, but may fall short or accumulate a surplus above requirements in any one year because of fluctuations in crop conditions. In 1939, due in part to below-average crop yields, indemnities exceeded premiums. The capital reserve, provided for the purpose of balancing the premiums and indemnities in such years, was used to pay indemnities in excess of the premiums paid in. As of December 9, 1939, growers had paid in 1939 premiums, a net total of 6,727,441 bushels. Indemnity requirements to cover losses claimed by 52,000 growers, amounted to 9,951,458 bushels, or 3,224,017 in excess of premiums paid.

The 1939 program pointed the way to many improvements in yields and rates. A "key" farm system was established under which tested yields and rates could be used to appraise rates for farms for which records are not available. Automatic check yield and check premium rates were established to prevent over-insurance in the aggregate for a county. Yields and rates were determined and checked for all farms in a county before applications were made. This has made it possible for the grower to make application and pay the premium in one operation. All applications must be completed before the crop is planted. It is believed this has improved the spread of risk assumed by the Corporation.



## Expense

The cost of administering the Federal Crop Insurance Program, including the cost of storage of wheat reserves, is contributed by the Federal Government as a national investment in an experiment which may contribute to the stability of agriculture and the national welfare. In 1939, the Corporation received an appropriation of \$5,500,000, of which \$4,800,000 was expended in establishment of basic research, original education work, organization, and operation of the program in 1,600 counties, and purchase of original equipment, etc.

With the groundwork of the program completed, it has been possible to simplify the operation and to effect many economies. It is estimated that for 1940 the Corporation will handle two and a half times as much insurance as in 1939, with a total expenditure of \$5,900,000, and perhaps less.

## Summary

The accomplishments of the crop insurance program in its first crop year have shown beyond doubt that the somewhat modest investment of the Federal Government in this plan may reap great rewards, both directly and indirectly. With surprising frequency the burdens of crop failure in the past have become too great for the individual grower to bear and the Federal and State Governments have had to sustain this vital industry with direct relief and loans. In the 10 years, 1926-36, the Federal Government expended for emergency agricultural relief, a total of \$615,000,000, largely as a result of crop failure. Crop insurance has shown, for the first time, the actual cost of crop failure on the individual American wheat farm.

"All-risk" crop insurance permits the wheat grower himself to meet the cost of crop failure in advance and on the installment plan. This means more security for the grower, it will eliminate the need for much governmental expenditure in the form of relief, and it will do much to prevent the great economic and social losses which follow crop failure, such as foreclosures of farms and an increase in absentee ownership and tenancy. It will aid soil conservation by making it possible for the grower to avoid the necessity of mining his soil to make up for past losses, to plan more certainly, and to gamble less with the weather. All of this will mean, in turn, a greater stability for business in the rural community.

The need for crop insurance, the objectives of the program, and the progress which has been made toward establishment of a successful system of crop insurance are facts which should be brought before farmers, businessmen, and men in public life. The stability of agriculture is important to everyone, whether he lives on the farm or in the city.

The tabulation on page 7 gives complete figures, as of December 19, by States, on the indemnity phase of the 1939 program.

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It has been suggested that instead of selling insurance to farmers at actual cost of the risk, the government ought to give it to them. But in my opinion, if farmers want to assure that their crop insurance plan will be of the greatest permanent value, they will not want it transformed into a subsidy. They will want it to help them make wheat growing a self-supporting industry.-- H. A. Wallace



COMBINED REPORT OF INDEMNITY CLAIMS APPROVED FOR PAYMENT  
Through December 19, 1939

State	Total number indemnity claims approved for payment	Total number of policies issued	Total wheat acreage on which claims for indemnity were approved	Total indemnity approved for payment
	(Number)	(Number)	(Acres)	(Bushels)
<u>KANSAS CITY BR.</u>				
Ohio	1,887	10,269	21,759.3	100,419
Indiana	2,528	11,146	35,628.3	146,244
Illinois	955	12,170	17,303.9	57,390
Michigan	919	5,048	9,213.1	38,851
Iowa	1,768	4,657	23,808.3	120,065
Missouri	2,757	15,783	49,412.8	167,284
Nebraska	8,528	13,250	252,635.2	1,253,867
Kansas	5,640	14,950	424,498.5	1,727,752
Oklahoma	2,962	8,639	120,695.1	476,015
Texas	2,357	3,667	225,709.6	1,023,669
Idaho (SOUTH)	125	679	7,839.7	37,041
Wyoming	224	311	16,574.0	83,612
Colorado	728	1,387	38,707.7	172,480
New Mexico	60	109	3,808.1	25,736
Utah	140	442	10,981.1	59,176
Nevada	18	38	336.5	3,341
California	380	992	59,375.6	243,122
TOTAL	31,976	103,537	1,299,086.8	5,741,064
<u>MINNEAPOLIS BR.</u>				
Wisconsin	119	183	848.8	6,500.8
Minnesota	2,515	10,280	46,531.5	148,650.0
North Dakota	8,044	28,050	528,990.2	1,356,546.5
South Dakota	7,484	10,773	361,472.4	1,510,319.0
Montana	1,582	5,133	156,111.8	617,805.7
Idaho (NORTH)	81	962	4,333.5	19,375.0
Washington	230	1,342	21,574.6	83,498.1
Oregon	182	661	25,493.5	100,214.9
TOTAL	20,237	57,384	1,145,356.3	3,842,900.0
<u>WASHINGTON BR.</u>				
Delaware	14	79	308.2	668
Maryland	151	986	3,119.3	7,103
New Jersey	3	29	43.1	170
New York	50	652	732.2	4,924
Pennsylvania	145	2,301	1,919.1	7,387
Virginia	78	916	1,050.3	3,811
West Virginia	0	1	0	0
TOTAL	441	4,964	7,172.2	24,063
Kansas City Total	31,976	103,537	1,298,086.8	5,741,064
Minneapolis Total	20,237	57,384	1,145,356.3	3,842,900.0
Washington Total	441	4,964	7,172.2	24,063
COMBINED TOTAL	52,654	165,885	2,450,615.3	9,608,027.0

OLD PROBLEMS REVIEWED AND NEW ONES  
DISCUSSED AT ANNUAL FCI CONFERENCE

The annual conference of the Corporation held in Washington, D. C., convened December 4 and adjourned December 7. In attendance were committeemen and other representatives from practically every wheat-growing State. Considerable time was devoted to measuring the accuracy of 1939 yield and rate data against actual results obtained on insured farms in 1939 as to yield and loss costs. Committees were assigned to study and make definite recommendations on each phase of the program. Committee reports were given and thoroughly discussed with a view to bringing thinking into common channels. It is believed that the conference went a long way toward setting the pace for 1940 and 1941.

Manager Leroy K. Smith opened the meeting Monday morning by expressing gratitude for the cooperation received from the men in the field -- those men out there on the firing line who are really responsible for getting things done. He briefly summarized the accomplishments of the first year of operation and stated that some changes in procedure were contemplated and that in the making of these changes suggestions and discussion by all were solicited. Following Mr. Smith's remarks, the Undersecretary of Agriculture, M. L. Wilson, was introduced.

Mr. Wilson, as Chairman of the Corporation's Board of Directors, commented on the remarkable progress that had been made by the crop insurance program. He said, "I feel that the administration of the 165,000 policies that were issued last year was not the way of measuring the gains and the success of the first year of operation. In my mind, the way of measuring is from three standpoints:

"(1) The educational idea, or from what I would call the number of contacts made with the wheat farmers of the country." He estimated that between 800,000 and 1,000,000 farmers have heard something about crop insurance since the program was first inaugurated.

"But actually making these contacts -- talking with the farmer, getting him to thinking about it, actually discussing it and administering it as has been done by the county committees, is really a great venture and I think the undertaking has been mighty well handled.

"(2) After making the contact with nearly a million wheat farmers, there has been the job of putting the thing into operation.

"(3) In my mind the third means of measuring success deals with a thousand and one things that could not have been anticipated by anyone when the program started. . . I think those in charge and those in the field are to be congratulated for the success attained and the skill and tact of administration in dealing with these problems that could not be anticipated."

Mr. Wilson expressed a profound thought when he said that a new kind of cooperative activity had been established between agriculture and individual wheat farmers which should make each farmer feel that he stands shoulder to shoulder with his neighbor and that he has a responsibility in connection with it. He said he hoped that as farmers cooperated in this new activity they would get the idea that crop insurance is not something to bet with -- something to stay out of when they think they can beat it. Crop insurance must not be considered as something with which to speculate.

## FCI Conference -- Cont.

At the close of Mr. Wilson's remarks, Homer Henney, in charge of Program Planning, summarized some suggestions on the 1941 program as follows:

1. To make no more changes than were absolutely necessary;
2. To simplify the program so as to be more understandable to the wheat farmers, and
3. Efforts should continue to bring yields and rates more closely in line with actual conditions on wheat farms.

Mr. R. M. Evans, Administrator of the Agricultural Adjustment Administration, spoke to the group on crop insurance and the Triple-A. Mr. Evans pointed out the fact that the same group of people who are administering the Triple-A program are administering the crop insurance program as well. He emphasized the responsibility placed upon the county and community committees. He said that in placing responsibility on farmer committees the Triple-A differed from other programs in that it was democratically administered.

Mr. Evans went on to state, "I don't know whether there will be crop insurance on cotton next year or not. A great many are interested in cotton crop insurance. It is quite likely that the matter will receive careful consideration because of this wide interest. If cotton crop insurance goes into effect and if it is handled efficiently, farmers will be proud that it started. As far as we are concerned, we will cooperate fully. We know that we make plenty of mistakes and when you find that something is radically wrong don't "blow up" about it. If a little mistake occurs cut there go out and straighten it out. Go out and talk with the people who made the mistakes and show them how to correct them. That is how it has been done in the past and I hope it will continue to be that way."

After his remarks, Mr. Evans answered pertinent questions from the floor. The Monday afternoon session was largely devoted to an analysis of the 1939 yield and rate structure which was conducted by William H. Rowe and R. J. Posson with considerable comments from the floor.

On Tuesday morning a report from the Committee on Yield and Rates was heard from Committee Chairman J. Carl Wright. Other members of this Committee were W. A. Wolf, C. B. Holmes, Gus Geissler, S. E. Furvinés, James E. Walker, and Dwight Wise. All proposed changes in the yield and rate structure for 1941 were thoroughly discussed. The changes that were agreed upon have been incorporated in the 1941 yield and rate procedure which will be ready for distribution to county committees within the next few weeks.

The Tuesday afternoon session was devoted to the report of the Committee on Information which was read by Ernest Hatch of California. Other members of this Committee were R. O. Stelzer, Chairman, William R. Heckler, Bert O. Kelley, Floyd B. Himes, B. G. Marsh, Hervey E. Hazen, and B. L. Bookover. The consensus of the Committee was that there should be continued use of such media to inform the public of the crop insurance program as posters, pamphlets, news letters, illustrated circular letters, radio, film strips, newspapers, etc. Constructive comments were made concerning distribution and timeliness of informational publications. A thorough discussion followed on



## FCI Conference -- Cont.

various aspects of the Corporation's informational and educational campaign. This discussion was led by John Bird and Wayne Darrow.

Following the report and discussion of the Committee on Information, James P. Paulsen, Chairman of the Committee, talked on multiple land holders. Other members of this Committee were R. O. Stelzer, Harry M. Combrink, Maurice Douglas, Charles D. Peterman, Fred E. Borner, and Amos E. Pittman.

On Wednesday morning Mr. Rowe discussed the possibilities of insurance on crops other than wheat. He said that work was going forward toward obtaining actuarial data on three other crops, namely, cotton, corn, and citrus fruits. He said that an actuarial basis for cotton was practically complete at the present time. Considerable more basic data on corn will be necessary before an attempt should be made to write insurance on this crop. One of the chief difficulties, he said, in connection with corn data is the varied utilization of corn. Mr. Rowe told the group that work had been started during the past summer to obtain actuarial data on citrus fruit. He made the observation that citrus fruits are different than other commodities in that as trees grow older they increase in production. Also that the Ever-Normal Granary idea as it may be applied to wheat, corn, and cotton could not be used with citrus fruit because of its perishable character.

At the conclusion of Mr. Rowe's statement, Jess Alton, Chairman of the Committee on Adjustment of Losses, made a report on this subject. Other members of the Committee were J. B. Farrar, John H. Fraser, Earl H. Thompson, Charles Thomas, J. Francis Buck, and Alfred L. Johnson. This Committee's report included various specific recommendations which will be incorporated, in part at least, in the 1940 adjustment procedure.

Before going into a lengthy discussion on loss adjustments, a report from the Committee on Payment of Indemnities and Premiums in Wheat or Cash was read by Committee Chairman Del B. Hansen. Other members of this Committee were Royce Banks, W. A. Talbot, William P. MacDonald, Clarence W. Swanebeck, Clyde Kiddle, and Grover Warmbrod. This committee report also contained some very specific and constructive suggestions for the coming year. The discussion on adjustment of losses and on the payment of indemnities and premiums in wheat or cash was read by Mr. Guy Smith.

The recommendations of the Committee on 1941 Application Procedure were read and discussed Wednesday afternoon, which recommendations will be reflected in the application procedure for next year. This Committee consisted of Alvin V. McCormack, Willis B. Bergay, Knut Svenson, Leo J. McManus, Emmet Womer, Robert J. McKenna, Elmer F. Kruse, and H. D. Godfrey. The points reported on were method of sales, desirability of eliminating calculation of cash equivalent in county, and seeded acreage reports by actual ACP measurement or producer's statement.

On Thursday morning the report of the Committee on Special Practices was read by Lawrence Norton, Chairman. Other members of this Committee were Joseph L. Whitehouse, Charles B. Gregory, Arthur Cummings, Ray B. Nimmo, Ernest R. Duke, Clarence L. Waring, and Adrian C. Shoemaker. Discussion on this subject was conducted by Tom Allington which marked the close of the conference.

DO WHEAT FARMERS KNOW VERY MUCH ABOUT  
THE FEDERAL CROP INSURANCE PROGRAM?

By Harry Aspleaf

The other day I asked myself this question: "Do wheat farmers know very much about the Federal crop insurance program?"

Now that's a seemingly simple question and on the surface apparently an easy question to answer. Offhand, my answer would be: "Sure they do." But when you analyze the question you begin to wonder just how much you know about what the farmer out on the wheat farm is really thinking. There's only one way to obtain the right answer to the question and that's to go out on the wheat farm and talk with the fellow that's making a living by planting wheat. That's what I did and here's what I found out:

The knowledge the wheat farmer has of all phases of the agricultural conservation program astounded me. His ability to discuss not only the broad objectives of the program but also some of the mechanical details was a revelation. His visualization of what the program means to future agriculture was amazing. He talked about the good the program had accomplished in the past, what it was doing today, and what it would do next year and the year after. Surprising as it may seem to some people, I found this true with every farmer interviewed. Some were not as well informed as others, but taking everything into consideration, the knowledge they possessed made finding the answer to my question simple.

Wheat farmers -- almost to a man -- are heartily in favor of the crop insurance program. Some have ideas for improvement, but all agree it is a solid pillar in the agricultural house of the future. Following are a few comments expressed by the men I talked with:

"I've been farming 20 years and this is the first year that I was sure I would get something when I seeded my wheat," said Fred C. Plattner of Scotland, S. Dak. "Hail, drought and 'hoppers ruined my wheat crop but it was insured and I realized \$106.57 from my wheat anyway."

"I think that all risk-crop insurance is the finest thing that has ever been offered to the American farmer," Dalbert Turner of Tyndall, S. Dak., told me. "I would be glad if we could insure all of our crops. In case of a total loss, I at least know I can pay my taxes and buy groceries through the winter. I cannot recommend crop insurance too strongly."

"This is the first year I have ever started work in the spring with the knowledge that the coming fall my farming operations would show a profit," Leslie K. Mellegard of Kennebec, S. Dak., said. "It was the first time I have ever been able to use my crop as unquestionable security."

HOPPERS EAT 22,000

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BUSHELS OF WHEAT Charles E. Jones, chairman of the AAA committee in Davison County, S. Dak., reports that 850 farmers in his county have set their total loss from damage to the wheat crop by grasshoppers at about 22,000 bushels. At the average loan value of wheat under the AAA program, this wheat would have been worth more than \$15,000. But the loss to the county as a whole was not as great as it would have been without crop insurance because 111 of the 129 Davison County wheat growers who insured their crop last year collected indemnities amounting to nearly 10,500 bushels.



## COUNTY COMMITTEES AND

GRASSHOPPER CONTROL Last summer when grasshoppers threatened to destroy wheatfields in certain areas of the country, it became of vital importance to the Corporation that the cooperation of farmers be obtained to fight this pest. The degree of cooperation depended largely on the effectiveness of county committees in getting wheat growers to join in hopper-control programs and to take advantage of help offered by the Bureau of Entomology and Plant Quarantine. In praise of hopper-control work done by county committees we quote an excerpt from a letter from the Chief of the Bureau of Entomology and Plant Quarantine:

"Reports from our field officers indicate that the publicity given by the committees handling the crop insurance program was very beneficial in bringing about more thorough cooperation in grasshopper control in certain areas.

"A report has been requested from the field office in charge of grasshopper control on the subject of relationship between grasshopper control and crop insurance policies. It is doubtful if any detailed record has been kept of specific cases of failure to cooperate during the past year. If a similar program is conducted during the coming season, this matter will be followed more closely and specific instances referred to the Corporation as they come to our attention. . . ."

In an earlier communication this same Bureau expressed its willingness to cooperate as follows: "It is recognized that there are many difficulties in obtaining definite evidence and independent judgment as to whether a man has or has not made a proper effort to control grasshoppers. It is entirely possible that the field officers in charge of the grasshopper control campaign for this Bureau might be able to give definite assistance in this regard because of the close contact which they have with the activities of individual farmers throughout the heavy grasshopper-infested area. As it is of interest to the Department to obtain as full cooperation from the farmers as possible, both from the standpoint of obtaining a satisfactory control program and of protecting crop insurance rates and preventing losses covered by crop insurance policies, we shall be glad to furnish such information as may be available or which may be obtained in the regular course of the duties of our supervisors if this would be of assistance. In the event that it is too late for such information to be of value this year, it is suggested that consideration be given to utilizing such information as our men can furnish next year (crop year 1940) should an extensive grasshopper control campaign be conducted."

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## PARITY INCOME

FOR FARMERS Seven million farm families, constituting 25 percent of the population of the United States are educating 31 percent of the children of school age, but they receive only 11 percent of the national income. This is substantially higher than the 7 percent which was their share in 1932 and is about equal to the share they received in the 5 years before the Great Depression. But farmers are still at a severe handicap in comparison with non-farm groups. They are still more than one billion dollars short of parity income. --From an address by Secretary Wallace at the 20th annual meeting of the American Farm Bureau Federation at Chicago, December 5, 1939.



MR. SMITHWICK OF WASHINGTON "GOES TO TOWN"
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M. H. "Pete" Smithwick of Yakima County, Washington, claims a unique record for his county where there are 8,000 farmers and 8,000 of them are participating in the AAA program. Although Yakima County is not primarily a wheat county, participation in the wheat crop insurance program jumped from 90 last year to 600 for the 1940 program.

"We have policies on farms ranging from 8,000 acres to a half acre in size," Smithwick said, explaining that Yakima is noted as a diversified farming area, with a large amount of land under irrigation. "Last year," he said, "we had a difficult job selling crop insurance because many growers did not realize the danger of crop failure. The crop looked good after the applications were taken and many who applied lost their interest when it came time to pay their premium. In 1939, we paid out indemnities on 11 of the 90 policies."

Smithwick believes that the improvements in the 1940 program had a lot to do with the increased participation. The fact that it took one operation to get insurance was a big help and practically all of the farmers took advantage of the opportunity to assign ACP payments for premiums.

Smithwick practices the personal contact method of selling crop insurance. In fact he has even taken potential customers to lunch or has presented them with cantaloup from his own garden. Members of the Yakima County Committee believe that eventually he will have every one of the 1,500 wheat farmers in the county sold on crop insurance -- if his lunch money and garden truck hold out. Smithwick himself farms 160 acres of irrigated land and raises a variety of crops including cantaloup, tomatoes, onions, alfalfa, wheat, and potatoes. The principal crop is, as Mr. Smithwick says, "spuds."

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#### INSURANCE HAS SEDATIVE

EFFECT ON NODAK FARMERS      Insured farmers of Pierce County, N. Dak., seem to be pleased with their first year's experience with crop insurance according to comments received by the Pierce County AAA office. For instance, Henry C. Paul of Tunbridge said, "The untroubled sleep I enjoyed due to relief from crop-loss worries was alone well worth the cost of crop insurance." Wendelin J. Schell of Rugby stated, "I never worried about my crop this year. I knew that no matter what happened I could continue farming because I was guaranteed 75 percent of an average crop." Another Rugby farmer, Hans Blessum, who was the first Pierce County farmer to take out Federal crop insurance, declared, "I would dislike to face another year without crop insurance."

Pierce County had 272 insured wheat farmers in 1939 covering 28,356 acres for a guaranteed production of 147,706 bushels of wheat. So far, 16 of these farmers have collected indemnities amounting to 2,247 bushels.

UNITED STATES DEPARTMENT OF AGRICULTURE  
FEDERAL CROP INSURANCE CORPORATION  
(Name of Town and State)

Dear Mr. Blank:

How much does "all-risk" wheat crop insurance cost?

Do I have to help pay for crop failures of other areas?

Will good farming practices tend to lower my premium payments?

These are questions you will want answered when considering "all-risk" crop insurance for your wheat acreage.

To state it briefly, crop insurance premium payments are geared to fit YOUR farm and the way you run YOUR farm.

Premium payments are geared to fit each farm because no two farms are exactly alike; no two farmers run their farms exactly alike; the weather often plays favorites as to which crop it will destroy or bring life-giving rain and sunshine.

These are reasons why premium rates have been made to fit YOUR farm.

The cost of "all-risk" crop insurance to each farmer is measured by the losses that have occurred on each farm over a set base period averaged with the loss cost for wheat farming in the county in which each farm is located.

Crop failures of other areas do not affect the premium rate for your farm because rates are based on the past-experience figures of your own farm and county. If the loss cost for your own farm is 1 1/4 bushels an acre and 3/4 bushel an acre for your county, these two figures are added together and divided by two, indicating a premium rate of one bushel an acre.

Good farming practices definitely will tend to lower your premiums. If your yields stay above a certain average, premium rates for your farm will be held to the minimum which is 1/2 bushel an acre for 75 percent coverage. Should your crop be destroyed, however, through no fault of your own, you would receive as indemnities just as much or more than the farmer whose premium payments are twice as high as yours.

For further details on how to get all-risk crop insurance at actual cost, ask your county AAA committee.

Yours for premiums that fit,

\_\_\_\_\_, Chairman  
County AAA Committee

NOTE: Stencils with the above illustration - not the letter - impressed on them are available for use by county committeemen in mailing circular letters to local wheat growers. They may be obtained up request through the State AAA offices.

